

FINANCE UNITED: Impact Investors, financial service providers, and the SDGs

IFU-NMI-Svasti case study

Speakers: **Birgitte Bang Nielsen** (IFU), **Smriti Chandra** (NMI), **Arunkumar Padmanabhan** (Svasti), **Lone Søndergaard** (NMI)

Moderator: **Laura Foose** (SPTF)



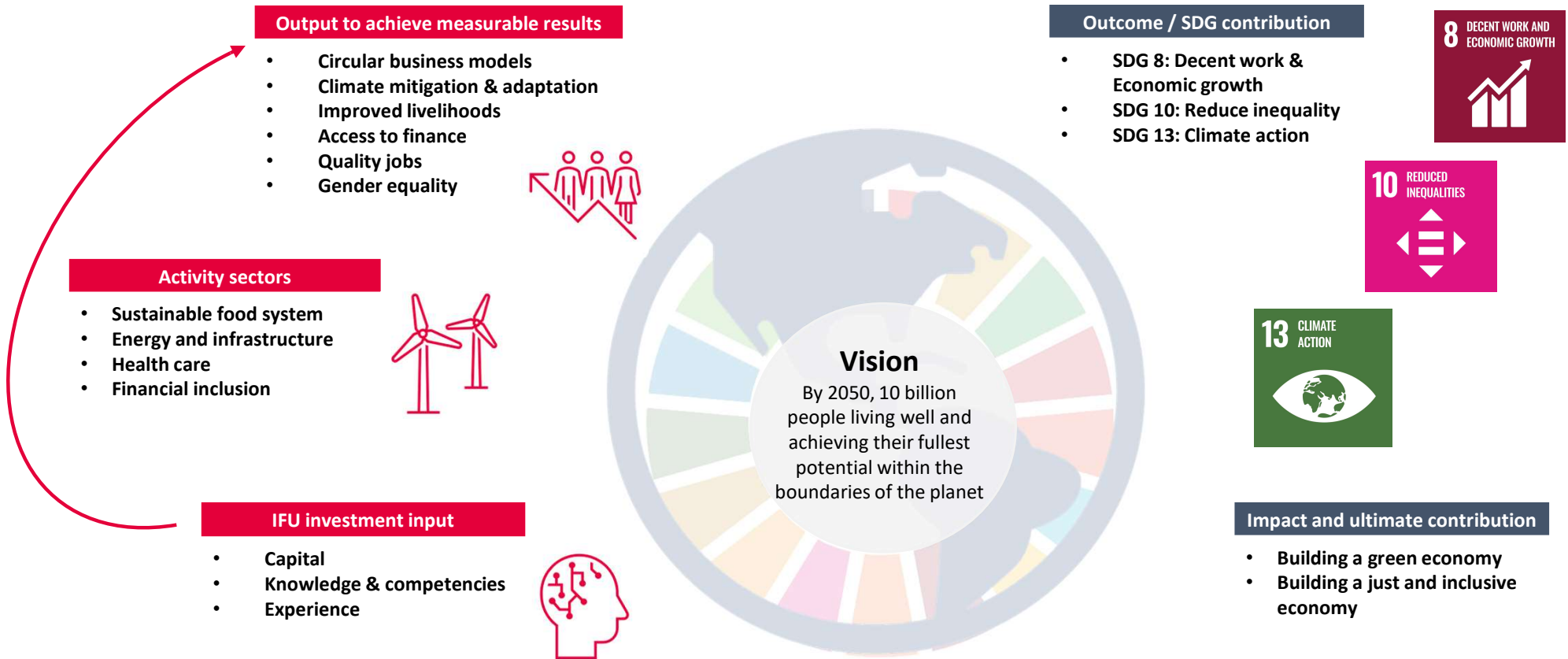
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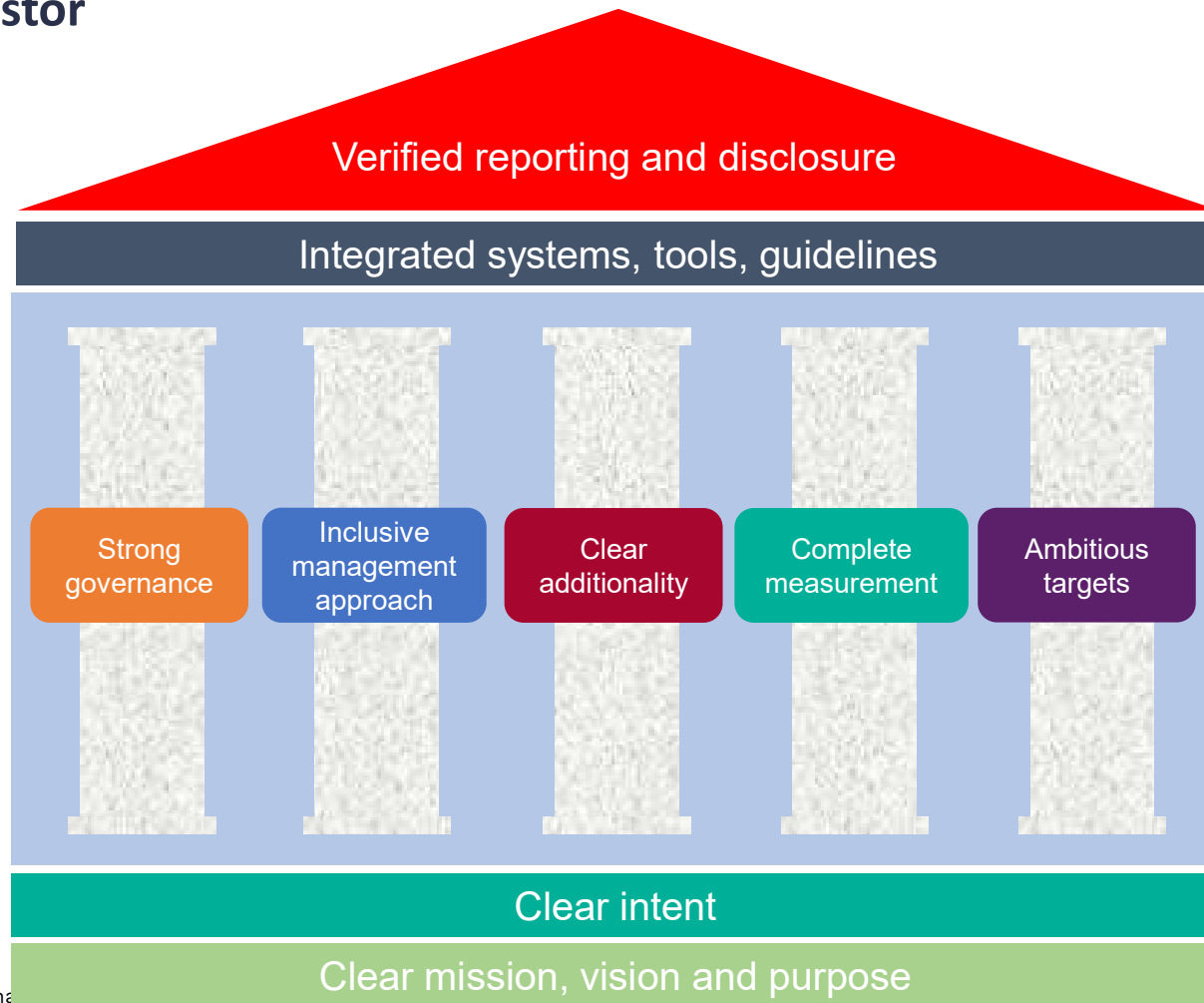
Investment Fund for Developing Countries



IFU's IMPACT mission and Theory of change



IFU's impact investor framework



Nordic Microfinance Initiative



Nordic Microfinance Initiative (NMI) at a glance

Vision: empowerment of poor people in developing countries and creation of jobs and wealth on a sustainable basis



Mission: investing in and supporting institutions providing financial inclusion to poor people in developing countries

NMI is a Public-private partnership founded in 2008 in Oslo, Norway.

Our owners and investors include the Norwegian and Danish governmental funds for developing countries (Norfund and IFU) and private financial institutions and family offices from Norway and Denmark.

 INVESTMENT FUND FOR DEVELOPING COUNTRIES

 Norfund

- **Technical Assistance (TA) facility** funded by Norad, the Norwegian Development Agency
- **Foreign exchange facilities** funded by funded by the Norwegian Ministry of Foreign Affairs



-USD 374 Mn Aggregated Commitments*



An active owner primarily investing in equity (>70%)

- 32 direct investments completed
- Currently 19 active investments
- 13 exited investments



Target regions

- South Asia
- Sub-Saharan Africa
- Southeast Asia



Experienced team of 21 professionals located in Norway (HQ), Denmark, Kenya, India, and Indonesia

Theory of Change - From Investment to Impact



NMI's Intent and Approach

- Investments, mandate, and guiding principles
- Active ownership
- Technical assistance

Investee Processes and KPIs

Ambition, capacity, processes and procedures at investee is key to achieve social mission.

Monitoring of output in social KPIs



THE CLIENT PROTECTION PATHWAY



Implementation of ESG-Management and Impact Creation



Social ambition

Capacity to fulfil social ambition

Contractual: Incl. Commitment to Client Protection Pathway and external review within certain timeframe.

Annual ESG check-list

Active ownership plan and review

ACTIVE OWNERSHIP GOALS		
SOCIAL GOALS		
Existing Goals - 2021		
Social/impact goals	Status	Comments
Obtain CPP assessment / Social rating	Achieved	Social rating, August 2021: 'A-'
Number of Active Borrowers to do	Behind target	Only slight behind target, 2022:
Continue supporting smallholder f	Behind target	Maintain threshold/target
Target group to remain rural and	Achieved	Maintain threshold/target

Principles for responsible exit and follow-up on social returns

Based on industry best practice.

THE CLIENT PROTECTION PATHWAY



Svasti



SVASTI MICROFINANCE

A People-centric Technology-driven Microfinance Company

Vision

Right to Finance becomes a reality for all human beings, including those who do not have collateral to support their bid for finance

Mission

Help transform the lives of **10 million women by 2030**



Fulfilling the right to finance and transforming lives since 2008



STATES



BRANCHES



CUSTOMERS



EMPLOYEES



TOTAL LENDING



CURRENT AUM

IMPACT GOALS

1 Increase **outreach for enterprising women** from **economically challenged sections** of society

2 Be a **responsible lender** and provide good quality of service to clients

3 Work towards the **financial well-being** of the customers and their households

4 **Transform** the lives of customers and their households

5 Be a **responsible employer**

6 **Reduce Svasti's water, energy footprint and waste** production

7 Increase the **number of clients accessing financial and non-financial products** that help them adapt to the adverse impacts (of climate change and environmental degradation)

8 Complete **adherence to financing exclusion list**

9 **Foster the adoption of green practices** and technologies, and meet clients' demands and needs

METRICS (FOR GOALS 3 & 7)

2 Be a **responsible lender** and provide good quality of service to clients

Metrics

- Social rating grade
- Quality of service (and preferred choice of the clients)
- Client retention rate
- Net Promoter Score (client satisfaction)
- Client complaints ratio, number of complaints registered and % of complaints resolved
- % of clients who access multiple products with Svasti (for example, consumer durable loans)

7 Increase the **number of clients accessing financial and non-financial products** that help them adapt to the adverse impacts (of climate change and environmental degradation)

Metrics

- Number of clients reached with WASH loans (water, sanitation)
- Number of clients reached with affordable housing loans
- Number of clients reached with environment and climate change related messages / modules